

Message Text

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44

ACTION ARA-20

INFO OCT-01 ISO-00 PA-04 PRS-01 USIA-15 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01

DRC-01 /118 W

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R 151350Z NOV 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4297

INFO AMEMBASSY BRASILIA

AMEMBASSY LIMA

AMEMBASSY MEXICO

AMEMBASSY MONTEVIDEO

UNCLAS BUENOS AIRES 8333

E.O. 11652: N/A

TAGS: EGEN, ETRD, LAFTA

SUBJECT: ARGENTINE RELATIONS WITH ANDEAN PACT.

1. THE PRESIDENT OF THE ANDEAN DEVELOPMENT CORPORATION (CORPORACION ANDINA DE FOMENTO), ADOLFO LINARES, GAVE PRESS INTERVIEW DURING VISIT TO BUENOS AIRES ON NOVEMBER 11TH, IN WHICH HE SAID HE FELT ARGENTINA COULD NOT JOIN THE GROUP. HE SAID THAT ARGENTINA'S LEVEL OF DEVELOPMENT AND ECONOMIC CHARACTERISTICS ARE TOO SUPERIOR TO THOSE OF THE OTHER MEMBER COUNTRIES. THUS, HE SAID, IT WOULD BE PRACTICAL AND DESIRABLE FOR ARGENTINA TO HAVE CLOSER RELATIONSHIP WITH THE GROUP BUT NOT AS FULL MEMBER.

2. LINARES SAID HE HAD HAD CONVERSATIONS WITH, AMONG OTHERS, THE ARGENTINE CENTRAL BANK AND EXPECTED THAT CB WOULD GRANT A CREDIT TO CAF OF ABOUT US\$ 5 MILLION FOR PURCHASES OF INDUSTRIAL PRODUCTS IN

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ARGENTINA. HE SAID THAT THE KIND OF ASSISTANCE

THE ANDEAN GROUP IS SEEKING FROM ARGENTINA (AND BY IMPLICATION ALSO BRAZIL AND MEXICO) IS TECHNICAL ASSISTANCE, CREDITS FOR INVESTMENTS AND PRE-INVESTMENT STUDIES AND PARTICIPATION IN SUB-REGIONAL ENTERPRISES THROUGH SALE OF STOCK IN THE BIG THREE COUNTRIES' DOMESTIC MARKETS. IN RETURN, HE SAID THE ANDEAN GROUP COULD PURCHASE MUCH MACHINERY AND EQUIPMENT FROM THE "BIG THREE".

3. WHEN ASKED WHETHER ARGENTINE CAPITAL (OR CAPITAL FROM OTHER LATIN AMERICAN COUNTRIES) WOULD RECEIVE PREFERENCE IN THE ANDEAN MARKET, HE REPLIED IN THE NEGATIVE, INDICATING THAT IT WOULD BE TREATED LIKE ALL OTHER EXTERNAL CAPITAL.

4. IN REPLY TO QUESTION ABOUT POSSIBLE PARTICIPATION OF ARGENTINE GOVERNMENT PETROLEUM CORPORATION (YPF) IN JOINT VENTURES IN ECUADOR AND PERU, LINARES REPLIED THAT THIS KIND OF THING WOULD NOT FALL WITHIN THE FRAMEWORK OF THE CAF, BUT WOULD BE BILATERAL.

5. COMMENT: A CREDIT OF US\$ 5 MILLION FOR THE SIX ANDEAN COUNTRIES SEEMS QUITE MODEST COMPARED WITH THE BILATERAL CREDITS PREVIOUSLY GRANTED TO CHILE, BOLIVIA, PARAGUAY AND THE RECENT US\$200 MILLION LINE OF CREDIT TO CUBA.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL DEVELOPMENT, MEMBERSHIP, LOANS, PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BUENOS08333
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731132/aaaaaxpl.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 04 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Feb-2002 by elbezefj>; APPROVED <20 FEB 2002 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARGENTINE RELATIONS WITH ANDEAN PACT.
TAGS: EGEN, ETRD, EFIN, LAFTA, CAF, (LINARES, ADOLFO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005